

# INSURANCE COUNSELOR

## Insurance Consumer Information Sheet

### Renter's Insurance: A Smart Buy

When you rent a home or apartment your first thought may not be about buying insurance. Although your personal belongings are very important to you, it may not seem like you have enough property to insure or you may think you can't afford it. But, in the event of fire, an explosion, bursting water pipes or theft could you afford to *replace* your things? The value of your furniture, electronic equipment, clothes, jewelry and other personal items can add up to more than you think. That's where renter's insurance comes in.

Renter's insurance provides coverage for your personal property while you occupy a dwelling owned by someone else. In a renter's policy you choose the amount of property damage coverage you need based on what it would cost to replace the things you own. With renter's insurance your personal property is protected from many types of perils including those previously mentioned as well as lightning, windstorm, hail, riot, civil commotions, vandalism, falling objects, smoke and damage from a vehicle.

But, a basic renter's policy provides you with more than just coverage for loss of property at home. You are also entitled to an *additional* 10 percent of the amount of your policy's coverage limit to cover property away from your home. For example, if you have \$50,000 worth of personal property coverage, you will automatically receive an additional \$5,000 in coverage on personal property lost, damaged or stolen while it is anywhere else in the United States or Canada.

In the event that you are forced to find other living accommodations following the loss of your rented apartment or home due to a fire or other peril, a renter's policy also covers your *additional living expenses* up to a specified limit or for a specific amount of time (e.g., six months) depending on the policy. For example, let's assume your rent is \$500 per month and your expenses for food and utilities amount to about \$500 per month--a total of \$1,000 per month. Assume also that the renter's policy you purchased provides you with an additional living expenses benefit of \$350 per month for six months. After a fire you and your family must move into a hotel which costs \$700 per month. Your utilities are included but your cost for meals at restaurants is \$600 per month. Your total living expense is now \$1,300, \$300 more than your regular monthly expense. Your renter's policy would pay the difference of \$300 for six months.

A basic renter's policy usually provides you with *medical payments* coverage for injuries that may occur to someone else in your rented dwelling or which may be caused by you or a family member, and up to \$50,000 in *liability* coverage in case someone sues you for damages caused by you or a family member or which occurs on your property. If, for example, a visitor slips on your rug and breaks a leg, the medical payments coverage in your renter's policy would pay any medical expenses up to the limit in the policy--usually \$1,000 per person. If he or she decided to sue you, your liability coverage would provide you with legal protection and pay the cost of a settlement.

There are other important coverages in a basic renter's policy which protect you against many kinds of financial losses. Ask your agent to give you more details and shop around for the lowest price. Renter's insurance is surprisingly affordable. *If you rent, renter's insurance is one purchase you cannot afford to do without.*